CE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

# PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this day of December, 2008, by and between Eastchase Enterprises Limited Partnership, a Texas limited partnership, whose address is 2626 Cole Avenue, Suite 650, LB 38, Dallas, Texas 75204, as Lessor, and, <u>DALE PROPERTY SERVICES</u>, <u>L.C., 2100 Ross Avenue</u>, Suite 1870 <u>Dallas Texas 75201</u>, as Lessoe. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee

the following described land, hereinafter called leased premises:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION AND ADDITIONAL PROVISIONS.

in the County of TARRANT, State of TEXAS, containing 61.382 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 3 years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.
- 3. As, royalty, lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipelines to which Lessee may connect its wells, the equal twenty-five percent (25%) part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such twenty-five percent (25%) part of such oil at the wells as of the day it is run to the pipeline or storage tanks, Lessor's interest, in either case, Lessor will not bear any of the cost of treating oil to render it marketable pipeline oil; (b) to pay Lessor for gas and casinghead gas produced from said land (1) when sold by Lessee, twenty-five percent (25%) of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, twenty-five percent (25%) of the amount realized from the sale of residue gas, however in each case there shall be no deductions from the value of Lessor's royalty by reason of any required processing, cost of dehydration, compression, transportation or other matter to market such gas. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the oil and gas capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to four dollars (\$4.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid directly to Lessor at the address above. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be entitled, to receive same, Lessee may in Lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.
- Lessee shall have the right but not the obligation to pool all of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 40 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so but in no event shall a unit for a horizontal well be larger than 350 acres in size plus a maximum acreage tolerance of 10%. For the purpose of the foregoing, the terms 'oil well' and 'gas well' shall have the meanings prescribed by applicable law or the appropriate governmental authority, or if no definition is so prescribed, 'oil well' means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and 'gas well' means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term 'horizontal completion' means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record in the county where the lease premises are located, a written declaration describing the unit and stating the effective date of pooling; provided however, the effective date of pooling shall in no event be earlier than 60 days from the date of such filing. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In, making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any protion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cassation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of
- 5. If at the expiration of the primary term, oil and/or gas is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more

than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil and/or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil and/or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole of the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

7. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one vertical well per forty (40) acres plus an acreage tolerance not to exceed 10% of forty (40) acres and one horizontal well per threehundred fifty (350) acres plus an acreage tolerance not to exceed 10% of three-hundred fifty (350) acres of the area retained hereunder and capable of

producing gas in paying quantities.

8. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Eastchase Enterprises, LP

By: Alan D. Friedman As: Managing Partner

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the

day of December, 2008, by Alan D. Friedman, Managing Partner of Eastchase

interprises Limited Partnership, a Texas limited partnership.

e (printed):



### **EXHIBIT "A"**

Attached hereto and by reference made a part of that certain Oil and Gas Lease dated December , 2008 between Eastchase Enterprises Limited Partnership, as Lessor, and Dale Property Services, L.L.C., as Lessee.

#### **Property Description**

61.382 acres of land, more or less, out of the E. Andes Survey, Abstract No. 66, the G.W. Clark Survey, Abstract No. 1812, the W.J. Howard Survey, Abstract No. 816, the A.N. Curry Survey, Abstract No. 375, and the W. Welch Survey, Abstract No. 1668, which land is part of the 152.333 acres of land described in a Dees dated November 16, 1992 from Raymond Thomason, Jr. to Eastchase Enterprises Limited Partnership, (containing 151.795 acres) recorded in Volume 10851, Page 1415 of the Real Property Records of Tarrant County, Texas and the land described in a Deed dated December 5 2000 from Belinda M. Billings to Eastchase Enterprises Limited Partnership, (containing .538 acres) recorded in Volume 14690, Page 94 of the Real Property Records of Tarrant County, Texas;

SAVE AND EXCEPT THE FOLLOWING TRACTS OF LAND:

- 29.432 acres, more or less, being more particularly described in a Deed dated January 2, 1997 from Eastchase Enterprises Limited Partnership
- to Pantego Bible Church, recorded in Volume 12631, Page 1862 of the Real Property Records of Tarrant County, Texas; 25.081 acres, more or less, being more particularly described in a Deed dated April 3, 1997 from Eastchase Enterprises Limited Partnership to b) Carmax Auto Superstores, Inc., recorded in Volume 12732, Page 471 of the Real Property Records of Tarrant County, Texas;
- 34.312 acres, more or less, being more particularly described in a Deed dated December 14, 1998 from Eastchase Enterprises Limited Partnership to Wal-Mart Stores East, Inc., recorded in Volume 13567, Page 256 of the Real Property Records of Tarrant County, Texas;
- .538 acres, more or less, being more particularly described in a Deed dated December 4, 2000 from Eastchase Enterprises Limited Partnership d) to Belinda M. Billings, recorded in Volume 14637, Page 211 of the Real Property Records of Tarrant County, Texas;
- 1.588 acres, more or less, being more particularly described in a Deed dated December 21, 2000 from Eastchase Enterprises Limited Partnership to Jack In The Box, Inc. recorded in Volume 14676, Page 85 of the Real Property Records of Tarrant County, Texas, described as Lot 3A of Block 12, Eastchase Addition found in Plat A, Page 6325 and in a Deed dated May 21, 2001 from Eastchase Enterprises Limited Partnership to Eastbrook Properties, LTD., recorded in Volume 14922, Page 295 of the Real Property Records of Tarrant County, Texas, described as Lot 3B of Block 12, Eastchase Addition found in Plat A, Page 6325

#### Additional Provisions

- 10. NON SURFACE USE Notwithstanding anything contained herein to the contrary, Lessee does not by virtue of this lease acquire any rights whatsoever to conduct any operations on the surface of the lease premises (or to use the surface of the lease premises for any purpose, including ingress and egress, pipelines, utility easements, or any other use of the surface) without first obtaining the prior written consent of Lessor, however, Lessee may recover oil, gas and associated hydrocarbons from the lease premises by directional or horizontal drilling, pooling, unitization or any other method provided in this lease
- 11. OIL AND GAS ONLY It is agreed and understood that this lease is limited to oil, gas and other hydrocarbons and substances normally associated with the production of oil and gas. Minerals not covered by this lease include (but are not limited to), sand, clay, gravel, iron ore, coal, lignite and
- Notwithstanding any provision contained herein to the contrary, whether oil or gas is or is not being produced on 12. CONTINUOUS DEVELOPMENT the leased premises or on lands pooled therewith at the expiration of the primary term, if Lessee is engaged in drilling or reworking operations or has completed a well either as a dry hole or as a producer on the leased premises or on lands pooled therewith within one hundred twenty (120) days of the expiration of the primary term, this lease shall remain in full force and effect and the primary term shall be extended as to all lands covered hereunder for so long as operations continue to completion or abandonment and for so long thereafter as operations for drilling are conducted with no more than one hundred twenty (120) days elapsing between the completion or abandonment of one well and the commencement of actual drilling operations of another well. After the expiration of the primary term, this lease shall terminate as to: (1) all lands which are not included within the proration unit established by Lessee and approved by the Railroad Commission of Texas for each producing well located on the leased premises or on lands pooled therewith in order to obtain the maximum production allowable per well; and (2) all depths and horizons 100 feet below the stratigraphic equivalent of the deepest depth capable of producing in paying quantities in each well which is included within the boundaries of a producing proration unit. After the expiration of the primary term, Lessee shall release all of the leased premises not otherwise held hereunder. A well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well shall be determined to be commenced when such well is spudded.
- 13. AMOUNT REALIZED DEFINED The words "amount realized by Lessee," and words of similar import, shall mean the amount realized from a bona fide sale negotiated, at arms' length, in good faith for the best price obtainable. In the event of a sale to a subsidiary organization, affiliate, The words "amount realized by Lessee," and words of similar import, shall mean the amount realized from a associate, or related party (for example, but not necessarily limited to, any common owners, officers, directors, or managers), such words, or words of similar import, shall mean and refer to the greater of (i) the sales price, or (ii) the market value at the mouth of the well.
- 14. SHUT-IN LIMITATION In no event shall the payment of shut-in royalties or the operation of force majeure provisions of this lease maintain this lease in force and effect after the expiration of the primary term for a period longer than two consecutive years after the inception of the payment of shutin royalties or after the event or events constituting the force majeure,

Signed for identification

By: Alan D. Friedman



#### DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

### SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 12/30/2008 09:02 AM | D208467108 | LSE | 4 PGS | \$24.00 | D208467108 | D

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: MV